Palantir Business Model

Idea In Short

Palantir offers software applications designed for integrating, visualizing, analyzing data, and fighting fraud. The company offers a suite of software applications for integrating, visualizing, and analyzing information. Palantir software allows analysts within and between government organizations to collaborate and analyze large quantities of data. Palantir Technologies was founded in 2004 and is headquartered in Denver, Colorado.

The Palantir business model was born from the necessity to combat modern-day terrorism, without compromising citizens' fundamental rights. The company was designed to support United States intelligence services in the analyses of data, preventing possible threats, although, during recent years, it started to offer its services to private companies. Today, the company has four consolidated products.

Palantir Gotham

The main software of the company is focused on providing analytic services to the government security system, such as law enforcement departments, detecting activities that could represent possible threats to society. The focus is on stopping these activities in their origin and avoiding their development. Palantir Gotham is a commercially-available, AI-ready operating system that improves and accelerates decisions for operators across roles and all domains. Decision makers from headquarters to the forward deployed edge access the most recent understanding of the world, and can act while accounting for global tradeoffs and dependencies.

Palantir Metropolis

Palantir Metropolis (formerly known as Palantir Finance) was software for data integration, information management and quantitative analytics. The software connects to commercial, proprietary and public data sets and discovers trends, relationships and anomalies,

including predictive analytics. Created for private enterprises, this software is especially used by finance corporations, so that they can detect employee acts and words that could lead to misbehavior and potential crimes against its institution, such as robbery and conspiracy, by checking their emails, GPS, and browsing histories. It also helps those clients to build graphics about their sales and performance, in order to facilitate the decision-making concerning their business in real-time.

Palantir Foundry

Palantir Foundry is an enterprise data management platform offering comprehensive tooling for working with big data. Software that specializes in building data pipelines, so the clients can run a massive volume of information without the necessity of creating line codes. Foundry leverages an open architecture to inform closed-loop operations — connecting data, analytics, and business teams to a common foundation. Within days, companies can process an amount of information that would usually take weeks. As a result, each layer of Foundry works to close the loop between analytics and operations, empowering enterprise-wide decision optimization.

According to Mike Glass, Senior Director of Data, Analytics & Insights, Pacific Gas and Electric Company:

> Foundry is our central platform for data-driven decision making and situational intelligence. It serves as the operating system that will enable effective end-to-end asset and risk management.

Palantir Apollo

Apollo enables companies to autonomously manage and continuously deploy your software, wherever their business needs it to be. Palantir Apollo is a continuous delivery system that manages and deploys Palantir Gotham and Foundry. Apollo was built out of the need for customers to use multiple public and private cloud platforms as part of their infrastructure. For companies that need to combine the Foundry system with applications of Gotham, Apollo is the tool that links both ends, allowing the client to control in real-time these systems in the same frame. Apollo safely and effectively manages production software across the world''s most important institutions.

Origin

Founded in 2004 by 5 entrepreneurs, including Peter Thiel, co-founder of PayPal, with the injection of US$ 30 million from Thiel personal finances and another US$ 2 million from the Central Intelligence Agency [CIA], with the purpose of creating a solution to stop internal and external threats against the US, including those perpetrated by terrorist groups and rogue countries. Thiel considered the mind behind all the projects, possess a mix of libertarian and liberal visions, with a focus on individualism over community, so, he devised a program that would help the government fulfill its objectives, protecting the community and managing resources without compromising its citizens' rights. By adopting a proactive stance that detects hazardous behaviors in their origin and acts to suppress them, they avoid the necessity of adopting arbitrary methods to face these risks and, consequently, preserve individual rights. Initially, the firm was confined to offering services exclusively to the CIA and minor U.S. law enforcement agencies, but, with their high rate of success in detecting threats, it led them to collaborate with other major agencies, such as the FBI and NSA, and also with the intelligence department of the U.S. Navy and Air Force. This expansion also represented a major boost in its finances, with the increasing funding offered by the American government, and also by raising capital and providing its services to private companies. By the end of the year 2020, the company went public on the exchange market.

Ownership

Palantir Technologies Inc. is still today owned by its founders, with Peter Thiel being the Chairperson and Alex Karp as the company's CEO.

Palantir's Mission Statement

> We go where we're needed most

How Palantir makes money

Palantir was designed to work together with governmental agencies, through a public founding process, and only recently it became dependent on private sources, therefore, public investment is still a big part of the firm's income. The Palantir business model

depends on contracts to close deals, in which the duration, acquired services, and prices are stipulated. Since the company works with big data analysis, an ocean of delicate content passes through its channels, therefore, its contracts with clients contain non-disclosure clauses, and getting basic information about them is impossible. What is known about Palantir's finances is that they have a revenue of close to US$ 1 billion per year, with contracts that range from US$ 1 million to US$ 100 million. What is known about those deals is that Palantir offers its analytic programs, plus support and tech specialists, but each contract is unique because the company model adapts to its clients' needs. The U.S. Intelligence and Military sectors are the main customers of Palantir services, but they also provide its software to civil organizations, such as the Centers for Disease Control and Prevention [CDC] and the United Nations initiative World Food Program. Their private clients are mostly made of banks and financial institutions, but also include great brands, such as Ferrari and Airbus, to gather data about the level of satisfaction of their consumers, and which points they can improve in their machines.

Customer Segments

Palantir's customer segmentsconsist of:

- **Private sector:** Formed by financial institutions and other big companies, that uses data to analyze clients and employee behaviors in order to improve the company's production and fulfill consumers' expectations;
- **Public sector:** Used by military and intelligence services to gather and decode sensitive data concerning national security matters and by civil organizations, to address problems concerning poverty, diseases outbreak, and demographic population.

Value Propositions

Palantir's value propositionsconsist of:

- **Private:** An opportunity to know what your clientele thinks about your product and service, and which points you need to improve to match your rivals. All of that in a matter of hours to allow the customer to face them in real-time and create the best strategy to expand and correct eventual problems;
- **Public:** Gather and decipher tons of data at record speed, so that the government

can adopt a preventive stance to counter a variety of emergencies, such as terrorism and pandemic, or war and espionage.

Also, it helps to detect sensitive points in a country or in the world, through demographic data, in order to solve crises like food shortages in a certain country or control vaccination in a precarious region of the planet, so that the civil authorities get to know the issue and develop the right answer to it.

Channels

Palantir's channelsconsist of:

- Website;
- Apps
- Software tools

Customer Relationships

Palantir's customer relationshipsconsist of:

- Telephone
- E-mail
- Tech support
- Social Media
- Website
- Exclusive channels — Developed to discuss matters of extreme secrecy or to clients with high-value contracts that demand a more personal interaction.

Revenue Streams

Palantir's revenue streamsconsist of:

- Public and private contracts, with values that can be paid partially, fully in advance, or divided through months until the end of the contract.

Key Resources

Palantir's key resourcesconsist of:

- Clients in both private and public sectors
- Fundraising through the exchange market

Key Activities

Palantir's key activitiesconsist of:

- Data gathering
- Data analyses
- Data storage
- Intense support in data analyses

Key Partners

Palantir's key partnersconsist of:

- Government agencies
- International initiatives
- Foundations
- Corporate enterprises
- Financial conglomerates
- Industries

Cost Structure

Palantir's cost structureconsists of:

- Salaries
- Bonus payments
- Taxes
- Legal fees
- Physical structures
- Investments
- Administrative and legal departments

- Tech department
- Business and client relationship departments
- Cybersecurity

Competitors

- **Cognizant**: Provides information and consulting services;
- **Splunk**: Create software programs for gathering and analyzing data, that can help customers in various segments, such as web analytics and security;
- **Tableau**: Specialized in data visualization via software programs, transforming the information into graphic type data;
- **Tyler**: Provides information management for governments.

SWOT Analysis

Below, there is a detailedswot analysisof Palantir:

Strengths

- **Strong mindset:** Derived by its founders, the company has a very solid concept of expanding and improving its services, not only its software programs and machines, but also extending its employee capacities, in order to qualify its human resources;
- **Expansion:** Palantir's business model focus on constant development, through the creation of new technologies or the buyout of other minor enterprises and startups;
- **Discretion:** Palantir takes the matter of secrecy very seriously, and doesn't allow their contracts to leak in any way to the press. They also adopt this stance in ongoing negotiations in order to surprise their competitors.

Weaknesses

- **Government dependency:** A great part of the company's revenue come from public contracts with the government, generating a great number of profits, but it also ties them very close to political matters, so adopting a stance contrary to the government's agendas could cause the suspension of current contracts or boycott them in future negotiations. This situation also put them at the mercy of the government's changes, which means that a change of administration could result in

a change of core towards the necessity of Palantir's business;

- **Little information:** Investors may find it difficult to invest in Palantir, considering the level of secrecy towards its operation, since most of their contracts are not shared with the shareholders, and only a small percentage of them know about the real condition of the company;
- **New Flesh:** Palantir is new in the private sector and is still building its reputation with the great brands in the market, which means that the smallest mistake could lead to a crisis of trust.

Opportunities

- **Thinking beyond borders:** The COVID-19 pandemic could be a great opportunity to expand their services to other countries, both in the private and public sector, working with U.S.-allied governments in matters of intelligence and administration. During the year of 2020, the company already supported the British public health service [NHS] with its expertise in data analysis. Palantir could also aim to work with great brands such as Ferrari, one of their most famous clients in the private market.

Threats

- **Distrust:** Palantir's strong ties with the government raise some suspicions, both in the market and press, concerning the security of the information gathered by the company and if they do or do not share their findings with the U.S. government. This concern also extends to the question of civil liberties and individual privacy. This kind of distrustfulness reflects in the precaution of other nations and companies to hire Palantir, sharing a common fear of being spied on.

Summary

Palantir's business model is certainly unique, with a rare mix of private and public investments, although the latter remains its principal source of revenue. What we know for sure is that every major company in the world works with data science, and plans their moves based on the information given by this kind of data analysis. What we know for sure is that Palantir's intentions to diversify its list of clients and offer its services to the private sector are certainly a smart move. It's also worth mentioning that their initiative to acquire

small labs and studios and some startups is another great idea. They not only buy the physical structure but also the knowledge and know-how of their employees, not to mention the fact that they can also continue the development of ongoing projects without having to start it from the very beginning. Considering this, Palantir has a bright future in this segment, being able to play a great role in the businesses future, but first, it needs to free itself of the pattern of being a quasi-government agency and also surpass the distrust that was caused around its business and their dealing of private data.